

Public Law 95-559  
95th Congress

An Act

To amend the Public Health Service Act to revise and extend the program of assistance under that Act for health maintenance organizations.

Nov. 1, 1978

[S. 2534]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Health  
Maintenance  
Organization  
Amendments of  
1978.

SHORT TITLE, REFERENCE TO ACT

SECTION 1. (a) This Act may be cited as the "Health Maintenance Organization Amendments of 1978".

42 USC 201 note.

(b) Whenever in this Act (other than in section 14) an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

42 USC 201 note.

EXTENSION OF PROGRAM

SEC. 2. (a) Section 1304(j) is amended (1) by striking out "may be made through September 30, 1978;" and (2) by striking out "1979" and inserting in lieu thereof "1981".

42 USC 300e-3.

(b) Section 1305(d) is amended by striking out "1980" and inserting in lieu thereof "1981".

42 USC 300e-4.

(c) Section 1309(a) is amended (1) by striking out "and" after "1977," and (2) by striking out the semicolon and all that follows in that section and inserting in lieu thereof the following: ", \$31,000,000 for the fiscal year ending September 30, 1979, \$65,000,000 for the fiscal year ending September 30, 1980, and \$68,000,000 for the fiscal year ending September 30, 1981."

42 USC 300e-8.

INITIAL DEVELOPMENT

SEC. 3. (a) The first sentence of section 1304(b) (2) is amended by striking out "includes" and inserting in lieu thereof "means the establishment of a health maintenance organization, the expansion of the services of a health maintenance organization, or the".

42 USC 300e-3.

(b) (1) The first sentence of section 1304(b) (3) is amended by striking out "in the one-year period beginning on" and inserting in lieu thereof "incurred in a period not to exceed three years from".

(2) The second sentence of such section is repealed.

(c) (1) Subparagraph (A) of section 1304(f) (2) is amended to read as follows:

"(A) \$1,000,000 through September 30, 1979, and \$2,000,000 thereafter, or".

(2) Section 1304(f) is amended—

(A) by striking out "The amount" in paragraph (2) and inserting in lieu thereof "Except as provided in paragraph (3), the amount";

(B) by striking out "(except as provided in paragraph (3))" in paragraph (2); and

(C) by inserting after "(3)" in paragraph (3) the following: "The cumulative total of grants made to, contracts entered into with, and principal of loans guaranteed for, a health maintenance

organization under subsection (b) of this section may not exceed \$1,000,000 through September 30, 1979, or \$2,000,000 thereafter.”.

Effective date.  
42 USC 300e-3  
note.

(d) The amendments made by this section shall only be effective for fiscal years beginning on or after October 1, 1978.

#### INITIAL OPERATING LOANS AND LOAN GUARANTEES

42 USC 300e-4.

SEC. 4. (a) Section 1305(b) (1) is amended by—

(1) striking out “\$2,500,000” and inserting in lieu thereof “\$2,500,000 (or \$4,000,000 if the Secretary makes a written determination that such loans or loan guarantees are necessary to preserve the fiscally sound operation of the health maintenance organization and to protect against the risk of insolvency of the health maintenance organization and, within 30 days of the making of such loans or loan guarantees, furnishes the Committee on Human Resources of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives with written notification of the making of the loans or loan guarantees and a copy of the written determination made with respect to the loans or loan guarantees and the reasons for the determination) through September 30, 1979, and \$4,000,000 thereafter”; and

(2) striking out “\$1,000,000” and inserting in lieu thereof “\$1,000,000 (or \$2,000,000 if the Secretary makes a written determination that such disbursements are necessary to preserve the fiscally sound operation of the health maintenance organization and protect against the risk of insolvency of the health maintenance organization and, within 30 days of such disbursement, furnishes the Committee on Human Resources of the Senate and the Committee on Interstate and Foreign Commerce of the House of Representatives with written notification of the making of the disbursement and a copy of the written determination made with respect to it and the reasons for the determination) through September 30, 1979, and \$2,000,000 thereafter”.

(b) (1) Section 1305(a) is amended by striking out “operating costs” each place it occurs and inserting in lieu thereof “costs of operation”.

(2) The second sentence of section 1305(b) (1) is amended by striking out “any fiscal year” and inserting in lieu thereof “any twelve-month period”.

(3) The title of section 1305 is amended by striking out “OPERATION costs” and inserting in lieu thereof “COSTS OF OPERATION”.

42 USC 300e-7.

(c) (1) Section 1308 is amended by adding at the end the following new subsection:

“(f) The Secretary may take such action as he deems appropriate to protect the interest of the United States in the event of a default on a loan made or guaranteed under this title, including taking possession of, holding, and using real property pledged as security for such a loan or loan guarantee.”.

(2) (A) Subsection (d) of section 1308 is amended (i) by inserting before the period in the first sentence of paragraph (1) the following: “and to take the action authorized by subsection (f)”, and (ii) by inserting after “under this title” in the first sentence of paragraph (2) the following: “and to take the action authorized by subsection (f)”.

(B) The first sentence of subsection (e) of section 1308 is amended by inserting before the period the following: “and to take the action authorized by subsection (f)”.

(d) The amendments made by this section shall only be effective for fiscal years beginning on or after October 1, 1978.

Effective date.  
42 USC 300e-4  
note

LOANS AND LOAN GUARANTEES FOR ACQUISITION AND CONSTRUCTION  
OF AMBULATORY HEALTH CARE FACILITIES

SEC. 5. (a) Title XIII is amended by inserting after section 1305 the following new section:

42 USC 300e.

“LOANS AND LOAN GUARANTEES FOR ACQUISITION AND CONSTRUCTION  
OF AMBULATORY HEALTH CARE FACILITIES

“SEC. 1305A. (a) The Secretary may—

42 USC 300e-4a.

42 USC 300e-7.

“(1) make loans, from the fund established under section 1308 (e), to public and nonprofit private health maintenance organizations for projects for the acquisition or construction of ambulatory health care facilities and for the acquisition of equipment for facilities acquired or constructed under a loan made under this paragraph; and

“(2) guarantee to—

“(A) non-Federal lenders for their loans to nonprofit private health maintenance organizations for projects described in paragraph (1) and to private health maintenance organizations for such projects which will serve medically underserved populations, and

“(B) the Federal Financing Bank for its loans to nonprofit private health maintenance organizations for projects described in paragraph (1) and to private health maintenance organizations for such projects which will serve medically underserved populations,

the payment of principal and interest on such loans.

“(b) (1) Except as provided in paragraph (2), the aggregate amount of principal of loans made or guaranteed, or both, under subsection (a) for an ambulatory health care facility may not exceed \$2,500,000.

Principal of  
loans, limitation.

“(2) The cumulative total of the principal of the loans outstanding at any time which have been directly made or with respect to which guarantees have been issued under subsection (a) may not exceed such limitations as may be specified in appropriation Acts.

Cumulative total,  
limitation.

“(3) The authority of the Secretary to make loans under subsection (a) shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

“(c) For purposes of this section—

“(1) The term ‘ambulatory health care facility’ means a health care facility for the provision of diagnostic, treatment, and prevention services to ambulatory patients; and

“Ambulatory  
health care  
facility.”

“(2) the term ‘construction’ means the (A) construction of new facilities, (B) alterations, expansion, remodeling, replacement, and renovation of existing facilities, (C) cost of offsite improvements in connection with an activity described in clause (A) or (B), and (D) cost of the acquisition of land in connection with an activity described in clause (A), (B), or (C).”

“Construction.”

(b) Section 1313(4) is amended by inserting before the period the following: “or in meeting the costs of such organizations in acquiring or constructing ambulatory health care facilities”.

42 USC  
300e-12.

## CONTINUING DEVELOPMENT ASSISTANCE

42 USC 300e-3. SEC. 6. Section 1304(b) is amended by adding after paragraph (3) the following new paragraph:

42 USC 300e-9. “(4) A health maintenance organization which is a qualified health maintenance organization within the meaning of section 1310(d) may receive, in accordance with paragraph (1), a grant, contract, or loan guarantee for the expansion of its services or the significant expansion of its membership or the area served by it.”

## TRAINING AND TECHNICAL ASSISTANCE

42 USC 300e. SEC. 7. (a) Title XIII is amended by adding at the end thereof the following new section:

## “TRAINING AND TECHNICAL ASSISTANCE

National Health  
Maintenance  
Organization  
Intern Program.  
Establishment.  
42 USC  
300e-16.

“SEC. 1317. (a) (1) The Secretary shall establish a National Health Maintenance Organization Intern Program (hereinafter in this subsection referred to as the ‘Program’) for the purpose of providing training to individuals to become administrators and medical directors of health maintenance organizations or to assume other managerial positions with health maintenance organizations. Under the Program the Secretary may directly provide internships for such training and may make grants to or enter into contracts with health maintenance organizations and other entities to provide such internships.

“(2) No internship may be provided by the Secretary and no grant may be made or contract entered into by the Secretary for the provision of internships unless an application therefor has been submitted to and approved by the Secretary. Such an application shall be in such form and contain such information, and be submitted to the Secretary in such manner, as the Secretary shall prescribe. Section 1306 does not apply to an application submitted under this section.

Travel and other  
expenses.  
Payments to  
organization or  
other entity.

“(3) Internships under the Program shall provide for such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the recipients of the internships as the Secretary deems necessary. An internship provided an individual for training at a health maintenance organization or any other entity shall also provide for payments to be made to the organization or other entity for the cost of support services (including the cost of salaries, supplies, equipment, and related items) provided such individual by such organization or other entity. The amount of any such payments to any organization or other entity shall be determined by the Secretary and shall bear a direct relationship to the reasonable costs of the organization or other entity for establishing and maintaining its training programs.

“(4) Payments under grants under the Program may be made in advance or by way of reimbursement, and at such intervals and on such conditions, as the Secretary finds necessary.

Technical  
assistance.

42 USC 300e-2,  
300e-3.

42 USC 300e-9.

“(b) The Secretary shall provide technical assistance (1) to entities in connection with projects for which assistance is being provided under section 1303 or 1304, (2) to entities intending to become a qualified health maintenance organization within the meaning of section 1310(d), and (3) to health maintenance organizations. The Secretary may provide such technical assistance through grants to public and nonprofit private entities and contracts with public and private entities.

“(c) The authority of the Secretary to enter into contracts under subsections (a) and (b) shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance by appropriation Acts.”

(b) Section 1309(a) is amended by striking out “and 1304(b)” and inserting in lieu thereof “1304(b), and 1317”.

42 USC 300e-8.  
Ante p. 2134.

(c) The amendments made by this section shall only be effective for fiscal years beginning on or after October 1, 1978.

42 USC 300e-16  
note.

#### EMPLOYEE HEALTH BENEFIT PLANS

SEC. 8. (a) Section 1310(c) is amended by adding at the end the following: “Each employer which provides payroll deductions as a means of paying employees’ contributions for health benefits or which provides a health benefits plan to which an employee contribution is not required and which is required by subsection (a) to offer his employees the option of membership in a qualified health maintenance organization shall, with the consent of an employee who exercises such option, arrange for the employee’s contribution for such membership to be paid through payroll deductions.”

42 USC 300e-9.

(b) Clauses (1) and (2) of section 1310(b) are amended to read as follows:

“(1) one or more of such organizations provides basic health services through physicians or other health professionals who are members of the staff of the organization or a medical group (or groups), and

“(2) one or more of such organizations provides basic health services through (A) an individual practice association (or associations), or (B) a combination of such association (or associations), medical group (or groups), staff, and individual physicians and other health professionals under contract with the organization.”

#### FINANCIAL DISCLOSURE; ENROLLMENT PROTECTION

SEC. 9. (a) Title XIII as amended by section 7 is amended by adding at the end the following new section:

42 USC 300e.

#### “FINANCIAL DISCLOSURE

“SEC. 1318. (a) Each health maintenance organization shall, in accordance with regulations of the Secretary, report to the Secretary financial information which shall include the following:

42 USC  
300e-17.

“(1) Such information as the Secretary may require demonstrating that the health maintenance organization has a fiscally sound operation.

“(2) The information required to be reported under section 1124 of the Social Security Act by disclosing entities and the information required to be supplied under section 1902(a) (38) of such Act.

42 USC  
1320a-3.

“(3) A description of transactions, as specified by the Secretary, between the health maintenance organization and a party in interest. Such transactions shall include—

42 USC 1396a.

“(A) any sale or exchange, or leasing of any property between the health maintenance organization and a party in interest;



“(B) any furnishing for consideration of goods, services (including management services, but excluding health services provided to members by staff, medical group (or groups), individual practice association (or associations), or any combination thereof), or facilities between the health maintenance organization and a party in interest; and

“(C) any lending of money or other extension of credit between a health maintenance organization and a party in interest.

Consolidated  
financial  
statement.

The Secretary may require that information reported respecting a health maintenance organization which controls, is controlled by, or is under common control with, another entity be in the form of a consolidated financial statement for the organization and such entity.

“Party in  
interest.”

“(b) For the purposes of this section the term ‘party in interest’ means:

“(1) any director, officer, partner, or employee of a health maintenance organization, any person who is directly or indirectly the beneficial owner of more than 5 per centum of the equity of the organization, any person who is the beneficial owner of a mortgage, deed of trust, note, or other interest secured by, and valuing more than 5 per centum of the health maintenance organization, and, in the case of a health maintenance organization organized as a nonprofit corporation, an incorporator or member of such corporation under applicable State corporation law;

“(2) any entity in which a person described in paragraph (1)—

“(A) is an officer or director;

“(B) is a partner (if such entity is organized as a partnership);

“(C) has directly or indirectly a beneficial interest of more than 5 per centum of the equity; or

“(D) has a mortgage, deed of trust, note, or other interest valuing more than 5 per centum of the assets of such entity;

“(3) any person directly or indirectly controlling, controlled by, or under common control with a health maintenance organization; and

“(4) any member of the immediate family of an individual described in paragraph (1).

Information,  
availability.

“(c) Each health maintenance organization shall make the information reported pursuant to subsection (a) available to its enrollees upon reasonable request.

Evaluation of  
transactions.

“(d) The Secretary shall, as he deems necessary, conduct an evaluation of transactions reported to the Secretary under subsection (a) (3) for the purpose of determining their adverse impact, if any, on the fiscal soundness and reasonableness of charges to the health maintenance organization with respect to which they transpired. The Secretary shall evaluate the reported transactions of not less than five, or if there are more than twenty health maintenance organizations reporting such transactions, not less than one-fourth of the health maintenance organizations reporting any such transactions under subsection (a) (3).

Report to  
Congress.

“(e) The Secretary shall file an annual report with the Congress on the operation of this section. Such report shall include—

“(1) an enumeration of standards and norms utilized to make the evaluations required under subsection (d);

"(2) an assessment of the degree of conformity or nonconformity of each health maintenance organization evaluated by the Secretary under subsection (d) with such standards and norms;

Conformity, or nonconformity.

"(3) what action, if any, the Secretary considers necessary under section 1312 with respect to health maintenance organizations evaluated under subsection (d).

42 USC 300e-11.

"(f) Nothing in this section shall be construed to confer upon the Secretary any authority to approve or disapprove the rates charged by any health maintenance organization.

Rates.

"(g) Any health maintenance organization failing to file with the Secretary the annual financial statement required in subsection (a) shall be ineligible for any Federal assistance under this title until such time as such statement is received by the Secretary and shall not be a qualified health maintenance organization for purposes of section 1310.

Annual financial statement, filing.

"(h) Whoever knowingly and willfully makes or causes to be made any false statement or representation of a material fact in any statement filed pursuant to this section shall be guilty of a felony and upon conviction thereof shall be fined not more than \$25,000 or imprisoned for not more than five years, or both."

42 USC 300e-9.

False statement or representation of material fact, penalty.

(b) Section 1301(c)(3) is amended (1) by inserting "(A)" after "(3)", and (2) by inserting before the semicolon a comma and the following: "and (B) carry out enrollment of members who are entitled to medical assistance under a State plan approved under title XIX of the Social Security Act in accordance with procedures approved under regulations promulgated by the Secretary".

42 USC 300e.

42 USC 1396.

#### ORGANIZATION REQUIREMENTS

SEC. 10. (a) Section 1301(b) is amended (1) by inserting "except in the case of basic health services provided a member who is a full-time student (as defined by the Secretary) at an accredited institution of higher education," after "(C)" in paragraph (1), and (2) by inserting "unless the supplemental health services payment is for a supplemental health service provided a member who is a full-time student (as defined by the Secretary) at an accredited institution of higher education," after "community rating system" in the second sentence of paragraph (2).

42 USC 300e,

(b) Section 1301(c)(1) is amended (1) by inserting "(A)" after "(1)", and (2) by inserting before the semicolon a comma and the following: "and (B) have administrative and managerial arrangements satisfactory to the Secretary".

(c) Section 1301(c)(6) is amended (1) by striking out "(6)" and inserting in lieu thereof "(6)(A) in the case of a private health maintenance organization," (2) by redesignating clauses (A) and (B) as subclauses (i) and (ii), respectively, and (3) by inserting before the semicolon a comma and the following: "and (B) in the case of a public health maintenance organization, have an advisory board to the policymaking body of the public entity operating the organization which board meets the requirements of clause (A) of this paragraph and to which may be delegated policymaking authority for the organization."

## REQUIREMENTS FOR THE PROVISION OF SERVICES

42 USC 300e.

SEC. 11. (a) Paragraph (3) of section 1310(b) is amended to read as follows:

"(3) (A) Except as provided in subparagraph (B), the services of a physician which are provided as basic health services shall be provided through—

"(i) members of the staff of the health maintenance organization,

"(ii) a medical group (or groups),

"(iii) an individual practice association (or associations),

"(iv) subject to subparagraph (C), physicians or other health professionals who have contracted with the health maintenance organization for the provision of such services, or

"(v) any combination of such staff, medical group (or groups), individual practice association (or associations) or physicians or other health professionals under contract with the organization.

"(B) (i) Subparagraph (A) does not apply to the provision of the services of a physician—

"(I) which the health maintenance organization determines, in conformity with regulations of the Secretary, are unusual or infrequently used, or

"(II) which are provided a member of the organization in a manner other than that prescribed by subparagraph (A) because of an emergency which made it medically necessary that the service be provided to the member before it could be provided in a manner prescribed by subparagraph (A).

"(ii) In a forty-eight-month period beginning after the month in which a health maintenance organization becomes a qualified health maintenance organization (within the meaning of section 1310(d)), the organization may provide the services of physicians through an entity which but for the requirement of section 1302 (4) (C) (i) would be a medical group for the purposes of this title. After the expiration of such period, the organization may provide physician services through such an entity only if authorized by the Secretary in accordance with regulations which take into consideration the unusual circumstances of such entity.

"(C) After the expiration of the first four fiscal years of a health maintenance organization beginning after the month in which it became a qualified health maintenance organization (within the meaning of section 1310(d)), the organization may not enter into contracts with physicians other than members of staff, medical groups, or individual practice associations if the amounts paid under such contracts for basic and supplemental health services provided by physicians exceed 15 per centum of the total estimated amount to be paid in such fiscal year by the health maintenance organization to physicians for the provision of basic and supplemental health services by physicians, or, if the health maintenance organization principally serves a rural area, 30 per centum of such amount, except that this subparagraph does not apply to the entering into contracts for the purchase of physician services through an entity which, but for the requirements of

Contracts with  
other than staff  
physicians,  
prohibition.

42 USC 300e-1.



section 1302(4)(C)(i), would be a medical group for the purposes of this title.

42 USC 300e-1.

“(D) Contracts between a health maintenance organization and health professionals for the provision of basic and supplemental health services shall include such provisions as the Secretary may require (including provisions requiring appropriate continuing education).”

“Health professional.”

“(E) For purposes of this paragraph the term ‘health professional’ means physicians, dentists, nurses, podiatrists, optometrists, and such other individuals engaged in the delivery of health services as the Secretary may by regulation designate.”

(b) Section 1301(b)(1) is amended by adding at the end the following: “The requirements of this paragraph respecting the basic health services payment shall not apply to the provision of basic health services to a member for an illness or injury for which the member is entitled to benefits under a workmen’s compensation law or an insurance policy but only to the extent such benefits apply to such services. For the provision of such services for an illness or injury for which a member is entitled to benefits under such a law, the health maintenance organization may, if authorized by such law, charge or authorize the provider of such services to charge, in accordance with the charges allowed under such law, the insurance carrier, employer, or other entity which under such law is to pay for the provision of such services or, to the extent that such member has been paid under such law for such services, such member. For the provision of such services for an illness or injury for which a member is entitled to benefits under an insurance policy, a health maintenance organization may charge or authorize the provider of such services to charge the insurance carrier under such policy or, to the extent that such member has been paid under such policy for such services, such member.”

42 USC 300e.  
Basic health service payment.

Charges by health maintenance organization or provider of services.

(c) The second sentence of section 1301(b)(4) is amended to read as follows: “A member of a health maintenance organization shall be reimbursed by the organization for his expenses in securing basic and supplemental health services other than through the organization if the services were medically necessary and immediately required because of an unforeseen illness, injury, or condition.”

Reimbursement.

(d) Section 1301(b) is amended by adding at the end the following new paragraph:

“(5) To the extent that a natural disaster, war, riot, civil insurrection, or any other similar event not within the control of a health maintenance organization (as determined under regulations of the Secretary) results in the facilities, personnel, or financial resources of a health maintenance organization not being available to provide or arrange for the provision of a basic or supplemental health service in accordance with the requirements of paragraphs (1) through (4) of this subsection, such requirements only require the organization to make a good-faith effort to provide or arrange for the provision of such service within such limitation on its facilities, personnel, or resources.”

Natural disaster, war, riot, or other similar event.

(e) Section 1302(1) is amended by inserting before the second sentence the following: “Such term does not include a health service which the Secretary, upon application of a health maintenance organization, determines is unusual and infrequently provided and not neces-

42 USC 300e-1.

Publication in  
Federal Register.

sary for the protection of individual health. The Secretary shall publish in the Federal Register each determination made by him under the preceding sentence.”.

#### ADMINISTRATION OF PROGRAM

Repeal.  
42 USC 300e-9.  
Repeal.  
42 USC 300e-11.  
42 USC 300e-5.

SEC. 12. (a) (1) Subsection (h) of section 1310 is repealed.

(2) Subsection (c) of section 1312 is repealed.

(b) Section 1306(b) (2) is amended by inserting “in the case of an application for assistance under section 1304, 1305, or 1305A,” before “he determines”.

(c) Section 1306(b) is amended by adding at the end the following new sentence: “In determining, for purposes of paragraph (2), whether an applicant would be able to complete a project or undertaking without the assistance applied for, the Secretary shall not consider any asset of the applicant the obligation of which for such undertaking or project would jeopardize the fiscal soundness of the applicant.”.

#### PROGRAM MANAGEMENT EVALUATION

42 USC  
300e-13.  
Grant and loan  
programs.  
Report to  
Congress.

SEC. 13. Section 1314 is amended by adding at the end thereof the following new subsection:

“(d) The Comptroller General shall evaluate the adequacy and effectiveness of the policies and procedures of the Secretary for the management of the grant and loan programs established by this title and the adequacy of the amounts of assistance available under such programs and shall report to the Congress the results of such evaluation not later than May 1, 1979.”.

#### AMENDMENTS TO THE SOCIAL SECURITY ACT

42 USC 1396a.

SEC. 14. (a) (1) Section 1902(a) (4) of the Social Security Act is amended (A) by striking out “and” at the end of clause (A), and (B) by inserting before the semicolon a comma and the following: “and (C) that each State or local officer or employee who is responsible for the expenditure of substantial amounts of funds under the State plan, each individual who formerly was such an officer or employee, and each partner of such an officer or employee shall be prohibited from committing any act, in relation to any activity under the plan, the commission of which, in connection with any activity concerning the United States Government, by an officer or employee of the United States Government, an individual who was such an officer or employee, or a partner of such an officer or employee is prohibited by section 207 or 208 of title 18, United States Code”.

Effective date.  
42 USC 1396a  
note.

(2) (A) Except as provided in subparagraph (B), the amendments made by paragraph (1) shall take effect one hundred and eighty days after the date of the enactment of this Act.

42 USC 1396.

(B) In the case of a State plan for medical assistance under title XIX of the Social Security Act which the Secretary determines requires State legislation in order for the plan to meet the requirement added by the amendments made by paragraph (1), such amendments shall not apply with respect to such State plan before ninety days after the close of the first regular session of the State legislature that begins after the date of the enactment of this Act.

(b) Section 1122 of the Social Security Act is amended— 42 USC  
(1) by striking out “or health maintenance organizations” each 1320a-1.  
place it occurs,

(2) by striking out “or health maintenance organizations” each  
place it occurs, and

(3) by striking out “or organization, or of any facility of such  
organization,” in subsection (d) (2).

(c) Section 1903(m) (1) (B) of the Social Security Act is amended 42 USC 1396b.  
by striking out “shall be administered through the Assistant Secretary  
for Health and in the Office of the Assistant Secretary for Health, and  
the administration of such duties and functions”.

Approved November 1, 1978.

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#### LEGISLATIVE HISTORY:

HOUSE REPORTS: No. 95-1479 accompanying H.R. 13655 (Comm. on Interstate and  
Foreign Commerce) and No. 95-1784 (Comm. of Conference).

SENATE REPORT No. 95-837 (Comm. on Human Resources).

CONGRESSIONAL RECORD, Vol. 124 (1978):

July 21, considered and passed Senate.

Sept. 25, H.R. 13655 considered and passed House; passage vacated and  
S. 2534, amended, passed in lieu.

Oct. 13, House agreed to conference report.

Oct. 14, Senate agreed to conference report.